

Minnesota Housing Mission and Strategic Priorities

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.

Minnesota Housing's strategic priorities are:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Impact Fund Program Overview

The Community Homeownership Impact Fund (Impact Fund) Program is the umbrella name for a variety of Minnesota Housing's limited single family funding resources. Funding resources include the Economic Development and Housing Challenge Fund (Challenge), Agency funds, and other resources when available.

Impact Fund dollars are generally offered annually in the spring through a competitive Request for Proposal (RFP) process. Please refer to the most current [Single Family Request for Proposal \(RFP\) Consolidated Application Guide and Instructions](#) found on Minnesota Housing's website for fund availability and deadlines.

Program Goal

To maintain and/or increase the supply of affordable, owner-occupied, single family housing in neighborhoods and communities throughout Minnesota.

Eligible Applicants

Eligible applicants include Minnesota cities, city and county Housing and Redevelopment Authorities, other public bodies authorized to act under Minnesota Statutes chapter 462C, for-profit organizations, nonprofit organizations, private developers, Indian tribes or tribal housing corporations, public housing agencies and joint powers board established by two or more cities.

Fund Terms

All proposed housing activities must provide, at a minimum, decent, safe, affordable single family owner-occupied housing that conforms to the Minnesota State Building code and/or local codes and regulations, with the more restrictive codes and regulations prevailing.

All acquisition/rehabilitation activities and new construction are required to adhere to the most current Green Communities criteria. Current [Green Communities information and requirements](#) can be found on Minnesota Housing's website.

All applicants are encouraged to form working partnerships with one or more entities to achieve the objectives stated in their proposal.

The type, terms and conditions of assistance will vary depending on the needs outlined in each proposal and the availability of funding resources. Generally, if an activity may be addressed through a loan rather than a grant, a loan will be offered.

Funds may be used up to 20 months from the Expiration date of the Grant Contract. Awarded interim loans may have a Repayment/Expenditure Date of up to 26 months; however, the Agency may adjust the loan term based on requirements and conditions of other funding sources related to the loan term, or economic analysis by Agency staff of the financial feasibility. The determination of financial feasibility is based on whether all sources of funding are available and sufficient to cover the total development costs of the housing.

NOTE: If your organization is awarded funds, administration of the program must comply with all the requirements listed within the [Community Homeownership Impact Fund Program Procedural Manual](#).

Eligible Uses

The Impact Fund may be used to address the following activities related to single family, owner-occupied housing, including manufactured homes:

- Acquisition of land or existing structures;
- Construction of housing;
- Rehabilitation of housing;
- Conversion to owner-occupied housing from another use;
- Demolition or removal of existing structures (cleared land must be used for the construction of housing to be owned by persons who meet the Impact Fund income limits);
- Interim loan financing;
- Reduction of interest rates of Community Fix Up loans;
- Financing to fill a funding gap (affordability or value gap); and
Innovative approaches to housing construction or rehabilitation (e.g., construction methods, materials, financing).

To be eligible for funds, the owner-occupied housing must be:

- Attached or detached.
- Residential in nature.
- No more than four units with at least one unit being occupied by the household.
- Able to be used profitably for a minimum of ten years after the end of the loan term.
- Occupied by eligible homebuyers (see [program income limits](#)).
- Affordable to the local workforce.
- Able to be completed no later than 20 months after the date of the Contract.

Visitability: Visitability designs allow persons with mobility impairments to enter and stay, but not live, in a residence. Visitability requirements apply for all new construction of single family homes, duplexes, triplexes, and fourplex town homes financed in whole or in part through Minnesota Housing's state appropriated Challenge funds. **Visitability requirements apply to Grant funds, for both Value gap, and interim loan funds.**

The home must include: at least one no-step entrance; 32-inch clear opening doorways, and at least a one-half bathroom on the main level that meets minimum clear floor space for half baths as required by Fair Housing Act Part B: Usable Bathrooms.

Minnesota Housing also offers interim loans under the RFP from non-State-appropriated funds; if these are awarded alone with no other Impact Fund dollars, visitable elements in unit construction are not required.

Visitability does **not** apply to funding requests made for the following Activities:

- Stand –Alone Affordability Gap or
- Owner – Occupied Rehabilitation.

Income Limits

Income limits for eligible activities that receive financing from the Impact Fund cannot exceed 115 percent of the greater of state or area median income. [Income limits](#) are found on Minnesota Housing’s website.

Type of Funds Available

A. Interim Loan

A short-term loan made to an Administrator to assist with acquiring, demolishing, rehabilitating or constructing owner-occupant homes. Interim loans may not be transferred to eligible homebuyers. An interim loan must be repaid as specified under “Repayment Provisions” below.

B. Deferred Loan

A non-amortizing, zero percent or low-interest loan made to a household or to an Administrator that must be repaid as specified under “Repayment Provisions” below. The executed Deferred Loan Note and Mortgage are assigned by the Administrator to Minnesota Housing.

Affordability gap is defined as the difference between the total cost of acquiring the property, generally determined by the fair market sales price of the property, and the amount of the first mortgage loan for which the owner-occupant qualifies based on industry standard, prudent underwriting practice.

C. Grant

Minnesota Housing may provide a grant for one of two purposes:

- To finance value gap, defined as the difference between the appraised value (fair market sales price) and the total development cost of a project.
- Other eligible activities for which Minnesota Housing may not recapture loans without increasing housing costs beyond affordability to the eligible homebuyer.

In deciding to award grant funds, Minnesota Housing will consider administrative ease and whether the award will expand and preserve affordable housing opportunities over time.

Repayment Provisions

Minnesota Housing governs the use and repayment of all program funds.

Interim Loans plus interest, if any, must be repaid when one or more of the following occurs:

- Project is completed and the home is sold to an eligible buyer.
- Administrator ceases to use the funds as stated in the application.
- Administrator does not use the funds within the term allowed

- Administrator does not use funds per the Loan Contract.
- At the end of the loan term

Deferred Loans must be repaid, typically by the homebuyer/homeowner, when one or more of the following occurs:

- The borrower ceases to reside in or own the qualified dwelling unit as their principal residence.
- The qualified dwelling unit is sold, transferred, or otherwise conveyed by the borrower
On the date that is 30 years from the date of the loan closing or at the end of the loan term as stated in the Impact Fund mortgage note.

Deferred loans to the administrator must be repaid as per the Grant Contract.

Grants generally do not require repayment.

RFP Scoring Information

All RFP applications will be discussed, evaluated, scored and ranked by a selection committee. The selection committee is comprised of Minnesota Housing staff and representatives of funding partners. The committee reviews applications based on the selection standards, the funding priorities, and additional information as requested in the current RFP. See [current scoring guidelines](#) on Minnesota Housing's website.

Selection Standards: See Minnesota Statutes (§462A.33-34) for the Economic Development and Housing Challenge Program statute, Minnesota Administrative Rule part 4900.3648. Subp. 1-4 for the Selection Standards and Minnesota Administrative Rule part 4900.3650, A-N for the funding priorities. Other Minnesota Housing priorities are listed in the most current Strategic Plan. To be considered for funding the applicant **must** satisfy the following threshold requirements:

- A. Project Feasibility.** This includes the viability and feasibility of the proposed housing activity in the local market based on available data; the nature of the proposed site; the extent to which reasonable development costs are proposed; and whether the project is development ready.
- B. Organizational Capacity.** This includes the applicant's purpose and mission; related housing experience; and whether the applicant has successfully completed similar projects or is partnering with other organizations that have successfully completed similar projects.
- C. Community Need.** This includes the extent to which there is a well-defined community need for the housing activity in the target area based on local demographic, workforce, and economic factors.

Program Contacts

For technical assistance, please contact one of the Minnesota Housing staff below.

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